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[REDACTED]

december 02, 1987

Special Analysis

IRAN-IRAQ:

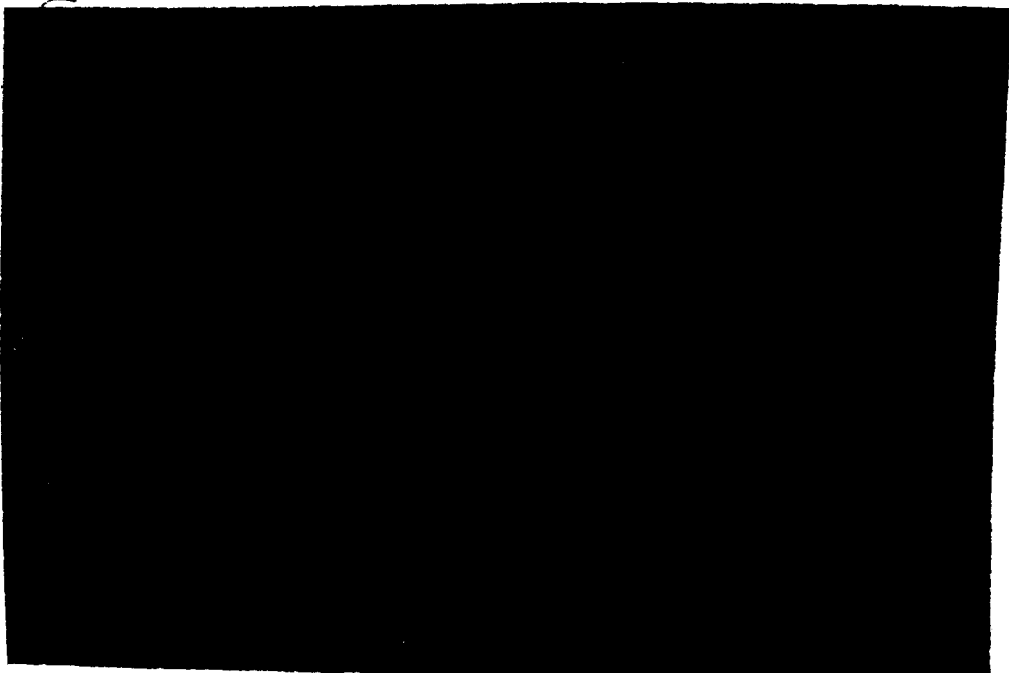
The Tanker War

Ship attacks by Iran and Iraq continued at relatively high levels last month, triggering new efforts by shippers to protect their interests. Tehran, meanwhile, is seeking to improve its long-term antiship capabilities by acquiring new weapon systems. [REDACTED]

Confirmed strikes on ships by Iran and Iraq last month were above the monthly averages for this year, maintaining the higher rate of such attacks since August. The number of ships attacked, however, is still small, as compared with the total number of ships sailing the Persian Gulf. The effect of the attacks on oil prices last month was minimal as overproduction by OPEC members continued to erode prices. [REDACTED]

Neutral commercial shippers are taking additional steps to limit damage to their assets in the region. On two occasions last month, ships tried and failed to deceive Iran by using false names and flags. A major oil company decided to withhold its tankers from the Gulf after it and several countries sponsoring flags of convenience failed to persuade Washington to escort US-owned ships there flying non-US flags. Other oil companies have expressed concern about the safety of tankers, but such expressions are probably an excuse to avoid having to lift crude at official prices now that an abundance of cheaper oil is available from other suppliers. [REDACTED]

(b)(1)
(b)(3)



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Exemptions: (b)(1), (b)(3)